



**Education Committee Meeting**

Thursday, August 18, 2005

8:30 a.m.

Dorrill Lee Grand Dining Room Annex  
Longwood University  
Farmville, Virginia

**APPEARANCES:**

The Honorable Frank M. Ruff, Chairman  
The Honorable Philip P. Puckett, Vice Chairman  
Mr. Stephen S. Banner  
The Honorable Barnie K. Day  
The Honorable Isiah G. Hopkins  
The Honorable Joseph P. Johnson, Jr.  
Mr. Buddy Mayhew  
Mr. Harrison A. Moody  
Mr. John M. Stallard  
Mr. John Thomas Taylor  
Delegate Thomas C. Wright, Jr.

**COMMISSION STAFF:**

Mr. Carthan F. Currin, III, Executive Director  
Mr. Ned Stephenson, Manager of Strategic Investments  
Mr. Timothy Pfohl, Grants Program Administration Manager  
Ms. Britt Nelson - Grants Coordinator, Southside Virginia  
Ms. Sarah Griffith - Grants Coordinator, Southwest Virginia  
Ms. Stephanie Wass, Director of Finance

**OFFICE OF THE ATTORNEY GENERAL:**

Mr. Frank N. Ferguson, Deputy Attorney General, Counsel for Commission  
Anne Marie Cushmac, Assistant Attorney General, Counsel for Commission

SENATOR RUFF: I'll call the meeting to order.  
Carthan, would you call the roll?

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1 MR. CURRIN: Mr. Banner?  
2 MR. BANNER: Here.  
3 MR. CURRIN: Mr. Day?  
4 MR. DAY: Here.  
5 MR. CURRIN: Mr. Fields?  
6 MR. FIELDS: (No response.)  
7 MR. CURRIN: Mr. Hopkins?  
8 MR. HOPKINS: Here.  
9 MR. CURRIN: Mr. Mayhew?  
10 MR. MAYHEW: Here.  
11 MR. CURRIN: Mr. Moody?  
12 MR. MOODY: Here.  
13 MR. CURRIN: Delegate Johnson?  
14 DELEGATE JOHNSON: Here.  
15 MR. CURRIN: Mr. Stallard?  
16 MR. STALLARD: Here.  
17 MR. CURRIN: Mr. Taylor?  
18 MR. TAYLOR: Here.  
19 MR. CURRIN: Delegate Wright?  
20 DELEGATE WRIGHT: Here.  
21 MR. CURRIN: Mr. Vice Chairman?  
22 SENATOR PUCKETT: Here.  
23 MR. CURRIN: Mr. Chairman?  
24 SENATOR RUFF: Here. Thank you, Carthan.

25 If anybody has any questions about the Scholarship Program, a sheet is  
26 being handed out, and if you all have any questions, you've got five seconds. If not, we'll  
27 move on. We'll be around a little longer today if you want to ask any questions or  
28 specific questions.

29 Ned, are you going to make the presentation on the Staff  
30 recommendations?

31 MR. STEPHENSON: Mr. Chairman and members of the  
32 Committee, we do not have any grants for your consideration this morning. The purpose  
33 for the meeting today is really to take the Education line items from the Commission's  
34 budget and lay some plans for the allocation of those funds among the various applicants  
35 in the educational arena.

36 You have a sheet in your packet that is entitled, Education Committee  
37 Budget. It looks like this right here, and it may guide you in your work this morning.  
38 Essentially, gentlemen, you're starting with a budget of 9 1/2 million dollars, of which,  
39 3.8 has already been approved for this Scholarship Program. That leaves 5.7 million  
40 dollars remaining. The issue before us today is to make some plans for use of that 5.7  
41 million so our various constituents will know what to expect in terms of grant cycles or  
42 other obligations that you might want to make.

43 I think part of the consideration in your decision this morning is described

1 in a chart that is also in your packet. It's a calendar that has some colored ink in it, and I  
2 apologize to you, because it looks somewhat hieroglyphic in its presentation. Here is the  
3 essence of what that chart is telling you. You're dealing with three different years, you  
4 have a calendar year, a school year and a fiscal year. There is the timing of certain  
5 events, each one has its own schedule. What has happened to this Committee over time  
6 is that we have gotten ourselves into a posture where we are making the scholarship  
7 awards well ahead of when you get your money. That is all right, as long as the money  
8 continues to come.

9 MR. DAY: What is the fix for that?

10 MR. STEPHENSON: The fix for that, Barnie, is that  
11 today, having already approved the scholarships for this year is to also approve them for  
12 next year out of this year's budget, and that catches us up, and that is a complete cure.  
13 That means you're dipping twice into your budget pool for scholarships and thereby  
14 crowding out other activities that you may want to do.

15 SENATOR RUFF: If you want to follow that, Barnie, we  
16 can, but I'd rather get Ned's presentation before we do that.

17 MR. STEPHENSON: We are awarding our scholarships  
18 well ahead of our receipt of the money, which is fine, as long as we continue to receive  
19 the money as anticipated. The pinch would come in the event there is some interruption  
20 in the MSA payments, for whatever reason. You would find yourself in a position of  
21 having awarded scholarships and our Scholarship Administrator having further ordered  
22 them to students, and there would not be any money to fulfill those promises. That is  
23 essentially what I would hope we could cure in some manner, get it so that the moment  
24 you made your promises or your award, that that money was in hand, or close at hand, so  
25 we wouldn't run that risk.

26 Mr. Chairman, that's where the pressure is this morning. I'll try to answer  
27 questions as needed, but the question before this Committee today is how you would like  
28 to allocate your 5.7 million dollars among the scholarships and other uses for the  
29 Education budget for this year.

30 SENATOR RUFF: I'll entertain discussions in a moment,  
31 but I would rephrase that so that one pot of money, which is 5.8 million, and we have  
32 three choices. We can give it out in lump sums to the community colleges, we can give it  
33 out to next year's scholarships and four-year colleges, or we can make a competitive bid,  
34 or have some combination thereof of those three things. There's only one set of monies.

35 Barnie, I'm going to call on you first to follow up.

36 MR. DAY: Ned, we know what the fix is, but what is  
37 downside to not fixing it today?

38 MR. STEPHENSON: The downside that I see is that you  
39 would run the risk of not fulfilling your promise to the student recipients in the event that  
40 your revenue stream was interrupted later on.

41 DELEGATE JOHNSON: Mr. Chairman, do we have  
42 sufficient funds now to fund the community colleges at the same level as last year?

43 MR. STEPHENSON: We have funded them historically at

1 the 3.8 million-dollar level every year for four years. I'm sorry, 2.8 in Southside Virginia  
2 and 1 million in Southwest for a total of 3.

3 MR. CURRIN: You're talking about the community  
4 colleges.

5 MR. STEPHENSON: I beg your pardon, I got that wrong,  
6 400 thousand for each.

7 DELEGATE JOHNSON: My question is, do we have  
8 money in the bank that would fund the community colleges at that level and take care of  
9 the situation you described?

10 MR. STEPHENSON: No. The budget that we are  
11 debating this morning is the budget for this fiscal year, and those monies are due to arrive  
12 this coming April. If you choose to award money to those community colleges in the  
13 amount of 400 thousand each today, that money will not be in the bank, so to speak, until  
14 April.

15 DELEGATE JOHNSON: If we don't have the money, then  
16 how can we fix the problem?

17 MR. STEPHENSON: That is the problem that has haunted  
18 several of the committees in the Tobacco Commission over time, in that there is a timing  
19 issue between the time of the physical receipt of the money and the awarding of the  
20 money. I think we have made some progress in some areas of that; however, the  
21 Education Committee and one or two other committees are still behind the curve on  
22 curing that gap.

23 Some members of the Committee and the Commission may be  
24 comfortable living with that risk, and it may be a reasonable risk, but I think the  
25 Committee needs to be advised it is a risk, and you could get stung if something happens.

26 MR. CURRIN: I'll just say that there has never been an  
27 interruption in the MSA payments, number one. Number two, because of our  
28 reimbursement procedures, we have balances within the treasury. What we have done in  
29 the past is to shift funds to help community colleges because of their needs and their  
30 calendar year.

31 Mr. Stephenson is correct that we could get stung, but we haven't gotten  
32 stung in six years.

33 MR. MAYHEW: I have two thoughts here, which may  
34 work. One is, if we wanted to address this problem, that instead of doing it all in one  
35 year, another option may be to make a two-year cut. Instead of 3.8, we do 1.9 this year  
36 and 1.9 next year, and it might not be an as abrupt shock to the program.

37 The second thought I had was, since we securitized a good bit of money,  
38 there would be in addition to maybe what Carthan said, that some funds could be shifted  
39 if the unexpected did happen. If there was some free play, so to speak, in the securitized  
40 money, that might under the circumstances be able to come to our aid.

41 They were two thoughts I had.

42 MR. CURRIN: I will remind the Committee that  
43 securitized dollars must be used for capital projects and infrastructure and cannot be used

1 for scholarship purposes or other non-capital funded mandates.

2 SENATOR RUFF: I think Buddy might have meant  
3 unsecuritized. Some of the other committees can move back and forth with some of that  
4 capital. That's an underwriting thing, but a change in another committee, there may be  
5 something that we can pull off.

6 MR. STEPHENSON: Mr. Chairman, the payment stream  
7 and revenue stream the Commission has used historically to draw money from other  
8 areas to cover these obligations, that payment stream is about half of what it was several  
9 months ago, because half of it was securitized. I make that point to say that the  
10 scholarship folks have to live out of the half that was not securitized, and they cannot use  
11 the securitized portion. So already the payment stream that serviced these is half of what  
12 it was, thereby raising the risk that we could get overdrawn, if you will, if we don't  
13 manage these things.

14 SENATOR RUFF: Ellen, would you like to come up and  
15 address us for the community colleges?

16 MS. DAVENPORT: Thank you. I am Ellen Davenport  
17 with the community colleges, but Jennifer Sager will be addressing you.

18 SENATOR RUFF: Thank you. Jennifer, would you state  
19 for the record who you are and who you represent?

20 MS. SAGER: Senator Ruff and members of the  
21 Committee, I'm Jennifer Sager. I'm the Vice Chancellor for Institutional Advancement  
22 for the Virginia Community College System. I'm here to represent our community  
23 colleges. My job is to help them in supporting and generating resources for their students  
24 in respective communities. I thank you for the opportunity to be here this morning.

25 I'm here to speak on behalf of the seven community colleges who will  
26 receive scholarship funding and grant funding and thank the generosity of the members  
27 of the Education Committee and the Tobacco Commission. We are deeply appreciative  
28 of the funding you have already provided to improve the opportunities and quality of life  
29 for students of Southwest Virginia and Southside Virginia.

30 We are concerned that the Education Committee may consider allocating  
31 fewer dollars to the seven community colleges in the tobacco region. I have  
32 representatives from all seven community colleges here with me today. Your previous  
33 investments have enabled thousands of students who would not otherwise have access to  
34 higher education the opportunity to obtain a community college education. In many  
35 cases, these students would have to consider a four-year university and colleges and  
36 might not have that opportunity at all.

37 In addition, these investments have provided funds for programs enabling  
38 graduates to earn good-paying jobs and enter the workforce. We believe it is critical to  
39 have the same level of funding provided over the next cycle so students can continue  
40 with the program.

41 I'd like to introduce Dr. Earl Currin, Provost of the Southside Virginia  
42 Community College, presenting Southside Virginia Community Colleges, and he will be  
43 followed by David Matlock, who is representing the Southwest Community Colleges.

1 They will give you some specific examples and brief formats of how your funding and  
2 investments have improved the lives of students and citizens in Southside and Southwest  
3 Virginia.

4 DR. CURRIN: Good morning. I appreciate all of your  
5 support in the past. I simply want to tell you that the allocations to the four Southside  
6 community colleges, about 20 percent of those funds have, in fact, gone for scholarships  
7 for our students. The scholarships are very important.

8 We also know we need funding to develop programs to place these  
9 scholarship recipients that graduate into some jobs that are available. For the most part,  
10 Southside colleges have spent the majority of their program money, I mean, their money  
11 in program development. We're talking about workforce development kinds of functions.

12 To my own college in Southside we have built facilities to train heavy  
13 equipment operators, train truck drivers, train diesel technicians, and we can place every  
14 one of those folks that we graduate. Had we not had these Tobacco Commission funds  
15 for program development, those programs would not exist today.

16 I wish you could visit not only our college, but the other three colleges,  
17 and see what has been done with this money. Our scholarship money is highly leveraged.  
18 Every applicant fills out all the financial aid forms, and we get the money, other than  
19 tobacco money, if we can, but if we can't, then the scholarship money goes to them.

20 I could talk for a while, but I know my colleague from Southwest wants to  
21 address you.

22 SENATOR RUFF: Before you step away, can you tell us  
23 on average what dollar amount that Southside puts in scholarships?

24 DR. CURRIN: We put a hundred thousand in, and we have  
25 a request this fall for 80 thousand, and we don't have any money for that.

26 MR. MAYHEW: Have there been any scholarships that  
27 were not funded for lack of your allocations?

28 MS. ELKINS: No.

29 DR. CURRIN: I don't believe so.

30 MS. ELKINS: We will for Southside, if you all are  
31 generous enough to support us again, we'll have to allocate more for scholarships this  
32 year. I don't know if it is because more people are not raising tobacco, our requests this  
33 fall are greater than we have had in any previous year. We've used all of our scholarship  
34 applications over the years, and appreciate it, and hope that we will be fortunate enough  
35 to be able to meet the needs of our communities again this fall.

36 SENATOR RUFF: You said 80 thousand requests so far  
37 this year. Is that for both semesters?

38 MS. ELKINS: Yes, well, no. I'll say yes, that's not taking  
39 into consideration that I'd say about noon today the number I told to call me on the 18th  
40 after lunch.

41 SENATOR RUFF: I'm asking for the picture today and not  
42 tomorrow. Thank you. Any further questions?

43 MR. MATLOCK: Good morning. My name is David

1 Matlock. I am the Director of Admissions, Records and Financial Aid at Virginia  
2 Highlands Community College. I want to say thank you for your help and support for the  
3 schools in Southwest Virginia. Over the last four or five years it has made a significant  
4 difference in the lives of our students. In just next week about 1200 students will be  
5 enrolling in courses and classes at the three Southwest Virginia community colleges that  
6 are receiving funding. It's right at about 1200 students, that's because of the Tobacco  
7 Scholarship Program.

8 Over the last four years we've seen about 4,000 students benefit from this  
9 program because of your generosity and your help and your concern for our citizens. I  
10 want to take a few moments today and briefly hit a couple of highlights as to why the  
11 importance of continuing this program in Southwest Virginia.

12 When students across the Commonwealth of Virginia decide to enroll in  
13 college in 2005, 2004 and a few years behind us, they choose the community college  
14 system. More students are enrolling in the community college system than all of our  
15 four-year colleges put together. The citizens of the Commonwealth of Virginia are  
16 choosing to enroll in the Virginia Community College System at a greater rate. The  
17 population rates provided to us by the Cooper Center at UVA reveal that students in  
18 Southwest Virginia choose their local community college over their four-year state  
19 institution at a much higher rate. One hundred percent of the funding we received at  
20 Southwest Virginia Community College, Mountain Empire Community College and  
21 Virginia Highlands Community College went directly to scholarships, one hundred  
22 percent. The VCC financial aid data will reveal that students that choose their local  
23 community college in Southwest Virginia have some of the neediest students in the entire  
24 state of Virginia.

25 Federal and state grants have not kept pace with our recent tuition  
26 increases. If we receive a decrease in funding, many students that are currently receiving  
27 the Tobacco Commission Scholarship Funds will be cut off and forced to withdraw from  
28 school. The Tobacco Commission Scholarship Program is a deal maker for community  
29 college students in Southwest Virginia. Many do not have any other choices.

30 I think the question before you today is how are we going to solve the  
31 problem, that's explaining about planning and commitment. School starts next week, and  
32 as far as funding for the 05/06 school year we have not received a commitment. So we're  
33 out there making commitments to the students and hoping to make long-term  
34 commitments to students, really not knowing what is on the horizon.

35 I'd be happy to entertain any questions you might have about anything I  
36 presented or any questions you might have about students in Southwest Virginia.

37 SENATOR RUFF: Explain to me the difference. You said  
38 Virginia Highlands had 400 hundred thousand in scholarships?

39 MR. MATLOCK: Yes.

40 SENATOR RUFF: The economic situation in Southwest  
41 and Southside Virginia are pretty similar, a certain amount of poverty. How come  
42 Southside is putting a hundred thousand in and you all are putting 400 thousand? They're  
43 saying it takes a hundred thousand for theirs, and you're saying 400 thousand to satisfy all

1 your students.

2 MR. MATLOCK: I can't speak for Southside, but I can tell  
3 you the data would show that we have the enrollment, and we have the students with  
4 need, and we have the tobacco producing families that are coming and enrolling in  
5 classes that qualify for this program, based on the guidelines presented. In fact, I could  
6 probably give out more than four hundred thousand, if you'd be willing to give a little bit  
7 more. We'd be happy to take it back home, because the students would be interested in  
8 that.

9 MR. MAYHEW: Mr. Chairman, could anyone answer the  
10 question as to the amount of these scholarships, comparing Southside and Southwest, per  
11 student?

12 MR. MATLOCK: Let me tell you what we do with  
13 Southwest. We require the student to fill out the three applications for federal student  
14 aid. That's a requirement. The last thing we want to do is dump aid on top of aid. We  
15 wouldn't be a very good steward of the state's money if we did something like that. If a  
16 student comes to me, and they qualify for no financial aid, and they are a tobacco-  
17 producing family, they get their tuition only and no books, and it has to be a program to  
18 place students seeking a degree. They get their tuition only paid for. They get no books  
19 or living expenses. A student that may qualify for a tremendous amount of federal or  
20 state aid and they're already getting their books and tuition paid for, receives a small 100  
21 dollar award to help with gas allowance. At no time beyond that do we ever exceed this  
22 need. There is a federal law that says if you have financial need the federal government  
23 will not allow you to award a student more than their need is, and that's based on the cost  
24 of attendance at that institution. If they're receiving a PELL grant or a state grant and a  
25 combination with tobacco funds on top of that, we cannot exceed the cost of tuition, I  
26 mean, the cost of attendance.

27 MR. DAY: Sir, it looks like we're going to be anticipating  
28 another 40 thousand kids coming in to the higher ed system over the next two, three, four  
29 or five years.

30 MR. MATLOCK: Yes, sir.

31 MR. DAY: Do you have any feel for what percentage of  
32 those 40 thousand will enter at the community college level?

33 MR. MATLOCK: It would be a professional guess, but I  
34 would say at least half. I believe we are a feeder system for our four-year institutions. I  
35 believe all the data support that. Decreasing funding at the community college level  
36 would be like a varsity coach saying he didn't need a JV team anymore. We're feeding a  
37 tremendous number of students. For a student who chooses a community college, they  
38 may not have another choice, and it is a deal maker. A student who chooses the four-year  
39 institution may not be a deal maker. I have benefited from, Dr. Fowlkes and her staff at  
40 the Southwest Virginia Higher Education Center, I applaud them, and they have done an  
41 outstanding job. My family has benefited from the four-year graduate programs. I hope  
42 you continue to fund them at the same level, and that will continue to benefit many  
43 people.



1 To answer your question, sir, I believe a significant number of students  
2 transfer from the community college after receiving tobacco scholarships and then enter  
3 into the four-year program. Dr. Fowlkes may be able to address that better than I.

4 SENATOR RUFF: Any further questions? Thank you.

5 In past decisions this Committee and the Commission has set scholarships  
6 as the highest priority at both the four-year and two-year level. Unless I hear differently,  
7 I'm going to assume the scholarships are still the highest priority.

8 MR. DAY: Mr. Chairman, it seems to me that we get more  
9 buy for the dollar in the community college system than we do anywhere else in  
10 education in Virginia. I don't know where we'd buy more for one dollar than the  
11 community college system, and I don't know where it affects more people. I don't know  
12 where we're going to have a greater need demonstrating itself than when 40 thousand  
13 new kids come into higher ed. I would think that, given the choice, and there are some  
14 choices we have to make, the best buy and the most prudent thing we can do long-term is  
15 to, at minimum, hold the community college system harmless. Give them at least what  
16 they have now, and make a trade-off elsewhere.

17 DELEGATE JOHNSON: Mr. Chairman, I'd like to echo  
18 what Mr. Day said. I think in the future we will look back, and we will know that the  
19 money spent on education was the best investment that we made of the Tobacco  
20 Commission money. I think the community college money that's spent will be the best  
21 money spent. I, like Mr. Day, would hope that this Committee certainly will approve  
22 what funding we allocated last year at minimum, and I think it should be more, and that's  
23 because of the increased enrollment we're looking at in the future. I'm willing to take that  
24 chance, or that gamble, to make sure that the community colleges have funds to sponsor  
25 and pay the scholarships that the students are entitled to have.

26 DELEGATE WRIGHT: Mr. Chairman, I concur. I know  
27 first-hand what the community college has done in my particular area, and I'm sure my  
28 story and experience can be amplified throughout Southside and Southwest. I agree with  
29 Bernie and Joe a hundred percent. I think if we start backing off and not support the  
30 community colleges at the very time when they need it the most and at the very time  
31 when projection is for enrollment to go through the roof, so to speak, I think we'd make a  
32 mistake if we didn't support it a hundred percent. I would certainly hope this Committee  
33 would at least fund what we've done, if not more.

34 MR. MAYHEW: I agree with what has been said. This  
35 certainly may not be the time to know where we go with this, but I would like to say that  
36 looking at all the funding that this Commission does have, it's all very worthwhile. In  
37 rating one section against another, which one is the most important? I'm wondering if  
38 going forward that whoever represents us on the Executive Committee could not make a  
39 strong appeal to get a little bit bigger slice of the pie for the future years.

40 SENATOR RUFF: Any other comments?

41 SENATOR PUCKETT: Mr. Chairman, I don't think I could  
42 add too much to what has already been said. I think it is well worth taking a chance, and  
43 we've been taking chances ever since we opened the door here on this Commission. Let's

1 suppose in the worst case scenario come April we get less money we still have to, and we  
2 move money around all the time within this Commission to do what we want to do. I  
3 concur that there is nothing more important than the allocation we give to the community  
4 colleges. I know in Southwest, and I've already heard from Southside, we think that's a  
5 priority. I'd like to make a motion we approve the funding for the community colleges at  
6 the 400 thousand-dollar level.

7 MR. DAY: Second.

8 SENATOR RUFF: We have a motion and a second. In that  
9 discussion, and let me ask this question. Ned, if we approve, then in January or February,  
10 the first of the year, if we approve 3.8 million for scholarships, the applications are not  
11 being received prior to April 15th, the date that we receive the check from, or the MSA?

12 MR. STEPHENSON: April 15th of which year? The point  
13 I want to make on that is if you approve it in January, it is not the following April that  
14 you get the money, it is 15 months out. It is April a year away. That's the big gap we're  
15 trying to close up. It wouldn't bother me to wait two or three months for the money, but  
16 15 months is a long time, and things happen.

17 SENATOR RUFF: Even though the checks are not being  
18 written until August, everybody fully understands that situation. In looking at that,  
19 there's a motion on the table, and there's a second. Any further discussion? We've heard  
20 both sides of the issue.

21 SENATOR PUCKETT: The motion was that we approve  
22 the funding for the community colleges at the 400 thousand dollar level, as it has been in  
23 the past.

24 MR. STEPHENSON: In the way of discussion, it may be  
25 that the way to solve both sides of this is to accommodate the community colleges at 2.8  
26 million, which leaves 2.9 million dollars remaining in our budget. By Buddy Mayhew's  
27 suggestion, that piece of money would get us part of the way toward curing this cashflow  
28 problem, and perhaps we can get the rest of the way on another funding cycle next year.

29 SENATOR RUFF: Rachel, do you want to say something?  
30 No. All right, any further discussion? I think it is wise to have some kind of exit  
31 strategy in the process. I hope that Buddy will consider making that motion if this  
32 motion doesn't pass.

33 MR. BANNER: I fully support the need of the community  
34 colleges at the 400 thousand dollar level, though I do have a problem with us being 15  
35 months behind in collecting our money. That concerns me a great deal. So, I think that  
36 after this motion we still need to look at some strategy to get us back to a zero balance.  
37 This is not good business, as Ned pointed out, and I think we need to make that priority.

38 SENATOR RUFF: Thank you.

39 DELEGATE JOHNSON: Mr. Chairman, I don't know what  
40 the definition of good business is, but if I understand that we would have 2.9, this would  
41 cost 2.8, and we'd still have a hundred thousand. We would have to make some hard  
42 choices. I'm a great believer in pay-as-you-go. I don't think a greater investment could  
43 be made than the investment in education. I'm willing to take that risk.

1 SENATOR RUFF: Any further discussion? You fully  
2 understand if we take this vote, we will tie our hands as to what else we can do. There  
3 will be a very limited amount of money, if any, for competitive applications.

4 DELEGATE WRIGHT: Mr. Chairman, I'm going to have  
5 to add one thing. I'm not asking for a motion. I'm going to vote yes, of course, but I do  
6 have some concern about the way the money is appropriated different from the way that  
7 it is appropriated for indemnification, economic development. I wanted to make that  
8 statement, because I've got a concern, and I expressed it in the Technology Committee. I  
9 just felt like I needed to express that now. I am going to vote yes on the motion.

10 SENATOR RUFF: I see no other hand, so I'll call for a  
11 vote on the motion by Senator Puckett for 400 thousand to each of the community  
12 colleges. All in favor say aye? (Ayes.) All opposed? (No response.) Thank you.

13 Now, you have significantly reduced our work needs for the future. Two  
14 things have been raised, and Buddy raised one earlier about trying to catch up half this  
15 year, and the other is to see if we can negotiate some more money from some other place.

16 MR. CURRIN: Mr. Chairman, we had a recent situation  
17 where a person in Southwest Virginia, we had a scholarship applicant that wanted to  
18 receive funds -- Rachel.

19 DR. FOWLKES: We set the criteria for admission for a  
20 scholarship for a four-year institution. We said the student had to be a degree-seeking  
21 student at a four-year institution, a four-year degree. We have had several students  
22 applying for the scholarship program participate in a two-year degree program at a four-  
23 year institution. We had a student from Southwest Virginia that wanted to enroll at  
24 Virginia Tech in a two-year agricultural program. The particular program the student  
25 entered is not a four-year program, but it is a two-year agricultural program. According  
26 to the way the guidelines are set up, we could not provide the scholarship to that student,  
27 because it is a two-year program.

28 What we would like you to do is to consider making a modification to that  
29 rule that if a four-year institution offers a two-year degree only in a particular major, that  
30 you would allow scholarship funds to go for that. We would put the caveat that if two-  
31 year program were not available at one of the seven two-year colleges you're currently  
32 funding. This agricultural program is not available, and liberal arts is another example,  
33 two-year programs in four-year schools.

34 MR. MAYHEW: Mr. Chairman, I move that we adopt this  
35 as a recommendation.

36 MR. BANNER: I second it.

37 SENATOR RUFF: There is a motion and a second, any  
38 further discussion on that?

39 DELEGATE JOHNSON: Would that program be offered at  
40 the community college?

41 DR. FOWLKES: No, we're asking that you make an  
42 exception if the program is not available at the community college that serves that  
43 particular student. If it were a Washington County student that wanted to be in a two-

1 year agricultural program, we don't have that two-year degree in one of our schools.  
2 DELEGATE JOHNSON: If the community college offered  
3 that program, it would not apply?  
4 DR. FOWLKES: No.  
5 SENATOR RUFF: Any further discussion? All in favor  
6 say aye? (Ayes.) All opposed? (No response.)  
7 Back to where we were.  
8 MR. MAYHEW: Could I ask Mr. Stephenson to give us a  
9 scenario whereby we could catch it up in two years, offset it in two years?  
10 MR. STEPHENSON: At this moment your unobligated  
11 budget balance is 2.9 million dollars after Senator Puckett's motion. We have 2.9 to work  
12 with. The Scholarship Program that Dr. Fowlkes administers is in two sections. One of  
13 them is Southside, 2.8 million, and the other is Southwest for 1.0 million, for a total of  
14 3.8. One way to crack this would be to use your 2.9 available to catch up the Southside  
15 program, which is 2.8, then you're done. We will have to catch up the Southwest  
16 program next year, and that'll be a million. I'm trying to split it so we can catch up part of  
17 it now and catch up part of it later on. We'll bear the risk as we have for the other piece.  
18 MR. MAYHEW: Mr. Chairman, I move we adopt this  
19 procedure to try to catch up.  
20 MR. DAY: I'll second it.  
21 SENATOR RUFF: There is a motion that we would use  
22 essentially 100 percent of the funds left to catch up one area, rather than have anything in  
23 competitive.  
24 MR. STEPHENSON: It does crowd out all competitive  
25 programs. You have 100 thousand, actually.  
26 DELEGATE JOHNSON: Mr. Chairman, that 2.9, is that  
27 the 2.9 that I moved?  
28 MR. STEPHENSON: I'm not sure, Joe. We started the day  
29 with 5.7. Senator Puckett's motion consumed 2.8 for community colleges, leaving 2.9  
30 remaining.  
31 DELEGATE WRIGHT: It seems odd that we have used 50  
32 percent of the proceeds out of 300 million down to the point where we have to quibble  
33 over a hundred thousand dollars. I think Buddy alluded to fact that perhaps we should  
34 get more money for the education part. It stands to reason that if you've got more funds  
35 from the securitized portion, it might free up some funds that could come into the  
36 Education Committee. I don't know what time frame it would take to accomplish that,  
37 but I certainly think that is something we need to strongly consider further. Whether it  
38 can be part of the fix today or not I don't know, but we just spent 40 million dollars off  
39 the top for Technology and a hundred thousand left in Education. I think we need to take  
40 a good hard look at that.  
41 SENATOR RUFF: Maybe we can come back to that issue,  
42 but we've got a motion on the floor.  
43 MR. MAYHEW: How about if we do this, how about if we

1 amend the motion we do this contingent on the idea that we can secure some additional  
2 funds from this 39 million plus, that we use all efforts that we can to get some funds there  
3 and free up this money? If all fails, we use this as a last resort to try to get caught up a  
4 little bit.

5 SENATOR RUFF: Earlier in the meeting you had  
6 suggested catching half up this year and half next year. What made Ned's presentation of  
7 trying to split it and catching up that he did more attractive than what you originally  
8 proposed?

9 MR. MAYHEW: Good question, it's a clean way to do it.

10 SENATOR RUFF: It's the same funds.

11 MR. MAYHEW: Maybe we need to consider doing it,  
12 splitting it in half, and it would be a little bit more complicated, but taking half from  
13 Southside and half from Southwest and leave the remaining funds for competitive bids.

14 DELEGATE WRIGHT: I think Buddy's amendment to his  
15 motion is a good idea. Even if we decide to take half this year, I still think that it would  
16 be a strong statement if this Committee would put it in the form of a motion that we need  
17 more funds.

18 SENATOR RUFF: I understand what you're saying, but  
19 I'm not sure if we can deal with this in one motion, and that's my concern. I don't  
20 disagree with the concept, and I am hopeful somebody will make that motion at some  
21 point. We've got a motion now how we're going to deal with getting caught up. It's  
22 certainly part of the debate, and I don't know if we can tie it together in one motion.

23 MR. MAYHEW: How about this, Mr. Chairman? I'll  
24 amend the motion to read that we use this catch-up as a last alternative after having failed  
25 to secure additional funds from the securitized money, or from the Commission as a  
26 whole, or from another source in the Commission, put it that way.

27 DELEGATE WRIGHT: I'll second that.

28 SENATOR RUFF: Who had the original second?

29 MR. DAY: I did. I'll second the amendment, too.

30 SENATOR RUFF: So that we fully understand, is your  
31 motion now --

32 MR. MAYHEW: -- Don't we have the amendment first?

33 SENATOR RUFF: I want to make sure we understand.

34 Instead of taking 1.9 each of two years if we can't get any more money, then you're  
35 proposing that we take 2.8 this year and the balance of 900 thousand next year.

36 MR. STEPHENSON: 2.8 this year and one million next  
37 year to make the 3.8 catch-up on scholarships, is that correct, Buddy?

38 MR. MAYHEW: Yes.

39 SENATOR RUFF: At the same time, we would request the  
40 Full Commission to visit the issue of the allotment.

41 MR. DAY: Mr. Chairman, I feel real good about doing this.  
42 It seems to me that this is good common sense, and this is what we should do. The way  
43 we're doing it, I feel is a timing issue. We've got a timing issue, and this addresses it.

1 MR. STEPHENSON: Mr. Chairman, the idea of appealing  
2 to the Commission for additional money to help us cover some of the obligations seems  
3 to me to be a matter that has to get in front of the Executive Committee budget  
4 amendment process, which means that the money we need, somebody else has to give it  
5 up for other purposes, and that process takes time, and it's problematical. I say that to say  
6 that the likelihood that we just wait until that happens, and it may make us wait a long  
7 time, and we'll be in a new budget year before that happens.

8 SENATOR RUFF: Any further discussion? I would say  
9 that I would vote against this motion. I think the budget is right the first time, split it  
10 between the two. I think that the Full Commission may well agree to add more money to  
11 the budget. I also know that the competitive bid process has put some very strong  
12 proposals on the table, such as the Nursing Program, which we all agree has been a very  
13 positive thing for the communities. Without that flexibility we are in a straight jacket.  
14 Any further discussion?

15 The motion is to take 2.8 of the balance of 2.9 and commit it to the four-  
16 year program and ask the Full Commission Executive Committee to revisit the use of  
17 balancing the money between the committees. All in favor say aye? (Ayes.) All  
18 opposed? (No's.) There are two no's.

19 MR. TAYLOR: I like the issue Buddy brought up first,  
20 take half now and take half next year. I would support that and not take it all at once. It  
21 totally ties our hands for the full year.

22 MR. STEPHENSON: Mr. Chairman, that leaves a hundred  
23 thousand in the coffer. I think, for sake of clarity, we'd like an instruction on how to  
24 dispose of that. It's fine with me if you just want to let it lay over until another cycle.

25 SENATOR RUFF: I think we certainly could open it for  
26 competitive bids. I think it probably would be a waste of energy and time on everybody's  
27 part. Unless I hear differently, I'd say leave it on the table, not hearing anything different.

28 Now, you have before you the Minutes of the April 28th meeting. Would  
29 anybody like to make a motion?

30 DELEGATE JOHNSON: I move they be approved.

31 SENATOR RUFF: It's been moved that the Minutes be  
32 approved, and there's a second. All in favor say aye? (Ayes.) They are approved.

33 We will now open it up for public comments. Does anyone have anything  
34 they would like to say?

35 MR. : My name is Denny , I'm the  
36 Executive Director of the Crater Planning District Commission. You all have been very  
37 kind in the past in assisting us in our workforce efforts. I want you to be mindful on your  
38 side of the situation. I applaud your support for the community colleges and what they  
39 do. I work in economic development and go out and recruit businesses. It's critical that  
40 the community colleges have the wherewithal to deal with new business and businesses  
41 that are expanding and the workforce and scholarship issues.

42 We have a rather unique situation on Southside, and I wanted to make sure  
43 you're mindful of it. We have Dinwiddie and Sussex Counties who are not serviced by

1 any community college that receives Tobacco Commission funding. We've always made  
2 the case in the past to you, the programs we run in the Crater Partnership in those two  
3 communities. We built those programs in Dinwiddie and Sussex Counties. We're not in  
4 the high school within the county, the community center, we're working with a major  
5 employer and recruiting within the county, TXI and others. We work with the Tech  
6 Center, which is a joint effort of Sussex County and Dinwiddie. We've established a  
7 nursing program with our medical center; the Cameron Foundation is also putting money  
8 into that. We're highly leveraged in that regard. None of these facilities charges a nickel  
9 to use their facilities, and all monies go directly into our programs.

10 I wanted to make sure that as you move forward and look at your agenda  
11 that you be mindful that you do have two Southside communities that are not in your  
12 program that you approved earlier this morning. We're hopeful that we would have an  
13 opportunity to explore with you continuation of the program that we've established.

14 SENATOR RUFF: Thank you. Any questions? We'll  
15 probably set up a wrestling ring and figure out who we take it away from.

16 MR. : I just think as you're talking about where  
17 you're going with your program, you have two of the tobacco communities in Southside  
18 that don't receive the benefit from the program. I think this is a way to try to work with  
19 them.

20 SENATOR RUFF: I don't disagree with you, and I would  
21 say that some community colleges are totally immersed in the tobacco region, and maybe  
22 some are not.

23 Any further comments? We are adjourned.

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25 PROCEEDINGS CONCLUDED.  
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36 CERTIFICATE OF THE COURT REPORTER  
37  
38

39 I, Medford W. Howard, Registered Professional Reporter  
40 and Notary Public for the State of Virginia at large, do hereby certify that I was the court  
41 reporter who took down and transcribed the proceedings of the **Virginia Tobacco**  
42 **Indemnification and Community Revitalization Commission Education Committee**  
43 **Meeting when held on Thursday, August 18, 2005 at 8:30 a.m. at Dorrill Lee Grand**

1 **Dining Room Annex, Longwood University, Farmville, Virginia.**

2 I further certify this is a true and accurate transcript to the  
3 best of my ability to hear and understand the proceedings.

4 Given under my hand this 25<sup>th</sup> day of August, 2005.  
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9 \_\_\_\_\_  
10 Medford W. Howard  
11 Registered Professional Reporter  
12 Notary Public for the State of Virginia at Large  
13  
14

15 My Commission Expires: October 31, 2006.  
16  
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